



Robert W. Quinn, Jr.  
Federal Government Affairs  
Vice President

Suite 1000  
1120 20th Street NW  
Washington DC 20036  
202 457 3851  
FAX 202 457 2545

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VIA ELECTRONIC FILING

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, Room TWB-204  
Washington, DC 20554

Re: *Application by Verizon New England Inc., et. al. To Provide In-Region, InterLATA  
Services In Vermont, CC Docket No. 02-7.*

Dear Mr. Caton:

Yesterday, Mike Lieberman, Catherine Pitts and I representing AT&T met with Dorothy Attwood, Chief of the Wireline Competition Bureau, Scott Bergmann, Legal Counsel for the Wireline Competition Bureau, Rich Lerner, Chief of Staff for the Wireline Competition Bureau, Tamara Preiss, Chief of the Competitive Pricing Division, Deena Shetler, Deputy Chief of the Competitive Pricing Division to discuss issues raised in the aforementioned application. Specifically, we reiterated that the Vermont switching and daily usage feed rates are not cost-based and are significantly greater than the corresponding rates recently approved by the New York Public Service Commission. We also explained that those rates constrain carrier's from competing in the local marketplace as evidenced by the utter lack of competitive entry in the Vermont local market and that, as a consequence, approval of Verizon's application would not be in the public interest. AT&T's statements were consistent with the filings previously made by AT&T in this proceeding. Attached are three slides submitted at the meeting that provided a brief outline of the presentation.

I have submitted two copies of this Notice in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

*Robert H. Zimmig*

cc: Dorothy Attwood  
Rich Lerner  
Deena Shetler  
Tamara Preiss

Deena Shetler  
Scott Bergmann  
Julie Veach  
Ann Berkowitz (Vz)

## DUF Rate Comparison

|                    | Rate        | % Diff in Rates | Cost per Line |
|--------------------|-------------|-----------------|---------------|
|                    | Per record  | VT vs Others    |               |
| Vermont            | \$ 0.003964 | 0%              | \$ 1.03       |
| New York - Ordered | \$ 0.001001 | 296%            | \$ 0.26       |

## Connectivity Margin for Verizon Vermont

| COSTS                            | Statewide<br>Average | Zone 1         | Zone 2         | Zone 3         |
|----------------------------------|----------------------|----------------|----------------|----------------|
| Zone weights                     |                      | 15%            | 36%            | 48%            |
| Loop                             | \$14.69              | \$7.72         | \$8.35         | \$21.63        |
| Port                             | \$1.03               | \$1.03         | \$1.03         | \$1.03         |
| Usage                            | \$8.75               | \$8.75         | \$8.75         | \$8.75         |
| DUF                              | \$1.03               | \$1.03         | \$1.03         | \$1.03         |
| <b>Platform - Recurring Cost</b> | <b>\$25.50</b>       | <b>\$18.53</b> | <b>\$19.16</b> | <b>\$32.44</b> |
| NRC (not reflected)              | \$0.00               | \$0.00         | \$0.00         | \$0.00         |
| <b>Total Platform (w/NRC)</b>    | <b>\$25.50</b>       | <b>\$18.53</b> | <b>\$19.16</b> | <b>\$32.44</b> |

### REVENUES RES @ VZ VT

|                            |        |    |       |
|----------------------------|--------|----|-------|
| <u>Basic Local Svc</u>     |        |    |       |
|                            | Zone 1 | \$ | 18.35 |
|                            | Zone 2 | \$ | 18.35 |
|                            | Zone 3 | \$ | 18.35 |
| Basic Local Svc -Statewide | \$     |    | 18.35 |

### Other Revenue Sources

|                        |    |      |
|------------------------|----|------|
| Features               | \$ | 2.25 |
| Subscriber Line Charge | \$ | 5.00 |
| Access                 | \$ | 1.25 |

### Total Revenue

|                          |        |    |       |
|--------------------------|--------|----|-------|
|                          | Zone 1 | \$ | 26.85 |
|                          | Zone 2 | \$ | 26.85 |
|                          | Zone 3 | \$ | 26.85 |
| Total Revenue -Statewide | \$     |    | 26.85 |

| MARGINS - RES @ VZ VT | Level | %           |
|-----------------------|-------|-------------|
| Zone 1                | \$    | 8.32 31%    |
| Zone 2                | \$    | 7.69 29%    |
| Zone 3                | \$    | (5.59) -21% |
| Residence Statewide   | \$    | 1.35 5%     |
| Connectivity margin   |       |             |

# Cost Adjusted Non-Loop Rates

FCC Volumes

| Company | State      | Total Non-Loop<br>Cost per line<br>per month | VT VZ Rates<br>Relative to NY |
|---------|------------|--|-------------------------------|
| VZ      | VT         | \$14.19                                      | 0%                            |
| VZ      | NY-Ordered | \$7.01                                       | 102%                          |

| Company | State      | Non-Loop SYN<br>Mod Cost per<br>line | VT VZ Cost<br>Relative to NY |
|---------|------------|--------------------------------------|------------------------------|
| VZ      | VT         | \$5.52                               | 0%                           |
| VZ      | NY-Ordered | \$3.52                               | 57%                          |

| Company | State      |  | Cost Adjusted<br>Relative Non-<br>Loop Rates_VT<br>vs NY |
|---------|------------|--|--|
| VZ      | VT         |  | 0%   |
| VZ      | NY-Ordered |  | 29%  |

|  |  |         |
|--|--|---------|
| Implied VZ Non-Loop Cost Adjusted Rate |  | \$11.00 |
| Implied VZ Non-Loop Rate Reduction     |  | -22%    |